Top Habits That Can Ruin Your Credit Score In 2023

Your credit score is one of the most important factors in determining your ability to borrow money or get approved for a credit card. If you have a bad credit score, renting an apartment or buying a car can be difficult. In fact, it can even affect your ability to get a job. It's no surprise that lenders take this seriously and have strict standards for what qualifies as good or bad credit. In order to keep your score high, you need to know what habits can ruin it so you can avoid them altogether. It's very important to improve your financial literacy in order to gain an understanding of your credit score.

1. Failing to make payments on time for bills and credit cards

This is one of the most common mistakes people make regarding their finances. If you have a credit card, you must always make your payments on time, even if that means paying just the minimum amount due (and don't exceed your total balance). This can help prevent late fees from piling up and damaging your score in the long run. If you're struggling with debt, there are ways to get back on track by using apps like Credit Karma or Quizzle; their free tools will show how

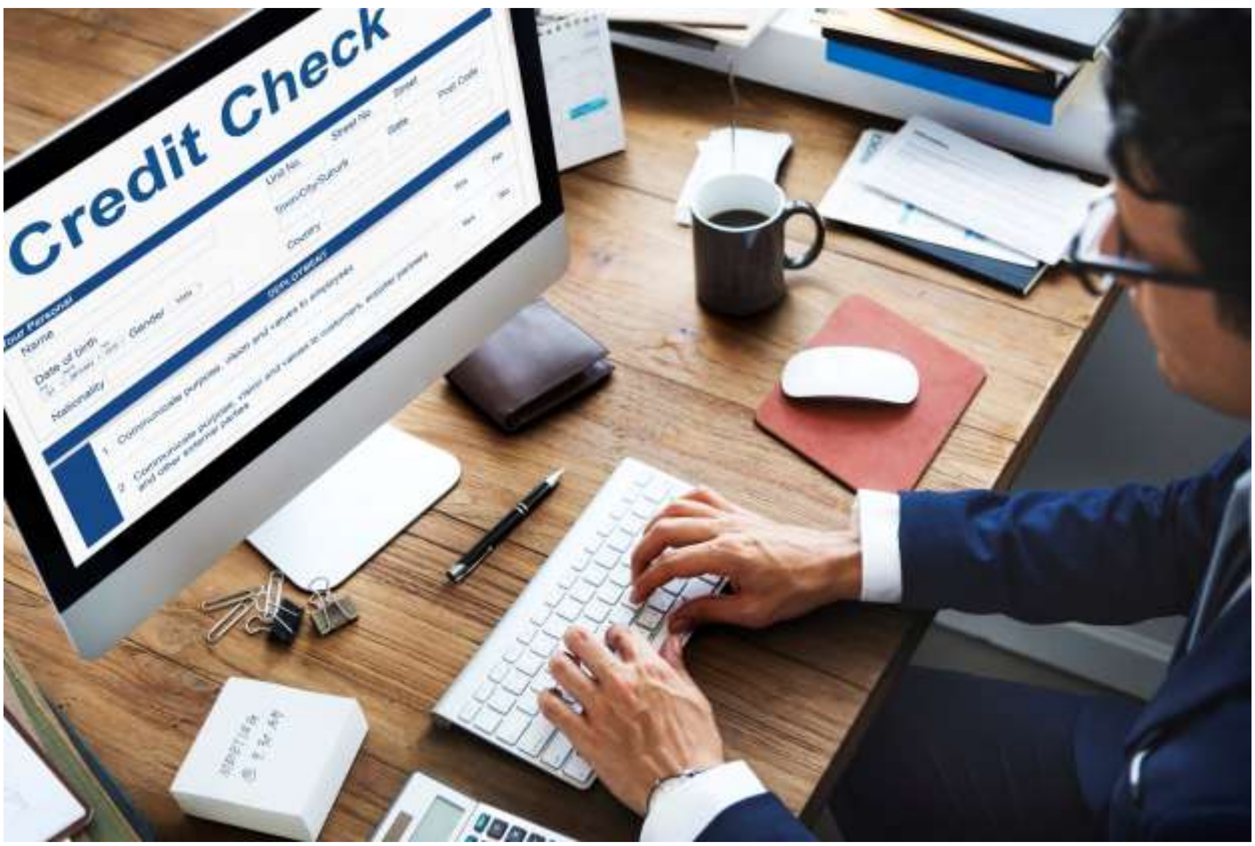
much money is being spent each month as well as what kind of interest rate they're getting paid off at.

2. Having high outstanding balances on credit cards

Having a high outstanding balance on your credit card can make it difficult to get a loan. It can also make it difficult to get approved for a new credit card and even harder to get approved for a mortgage. If you have an outstanding balance of more than $10,000 on any of your credit cards and don't pay off the balance every month, this will lower your score significantly.

3. Holding too many credit cards

Opening too many credit cards can hurt your score. While it's not a good idea to have too few, if you open a new card, don't open another one simultaneously. And remember: closing old accounts doesn't help your score, even if it is tempting when trying to pay down debt and boost your available credit. Similarly, keeping an average age of fewer than three years on your accounts helps improve your overall score.



4. Lacking a diverse mix of credit types

You should have a diverse mix of credit types. That's because your credit rating is based on the strength of your debt payments, not just how much you owe. In addition to credit cards and student loans, a mortgage or car loan can also help strengthen your score. A lack of diversity in your credit mix could hurt it, too. For example: if all of your debts are made up of one type (like just student loans), then that's only one risk factor for lenders to consider when determining whether or not you're financially responsible enough for them to lend money to you in the future.

5. Not utilizing credit cards at all

People with bad credit often avoid credit cards entirely, thinking they'll hurt their scores. But in reality, if used correctly, credit cards can be a great way to build your score by helping you keep track of spending and establish a diverse mix of types of credit. If you don't already have one, consider applying for a secured card, a type of unsecured card that requires a cash deposit as collateral. These money-back rewards cards are designed to help people build or rebuild their credit scores. Secured cards are best used by people who want an easy way to improve their scores but would rather not pay an annual fee on their main everyday card; they're typically unsecured versions with lower limits and fees than traditional bank cards.

Final Thoughts:

It's essential to know how [credit scores] affect your financial future, so you can avoid these common mistakes. By keeping a close eye on your credit report and taking steps to maintain good credit habits, you can make sure that your score continues to grow over time.